

NUEXCO

EXECUTIVE SUMMARY REPORT 212

(All data as of March 31, 1986)

Exchange Value
\$17.25, up \$0.25

The **Exchange Value** is **\$17.25** per pound U_3O_8 , up \$0.25 since last month.

UF₆ Value
\$48.00, unchanged

The **UF₆ Value** is **\$48.00** per kilogram U as UF₆, unchanged since last month.

Transactions

Three recent natural uranium sales and two of enriched uranium are reported, involving approximately 500 thousand pounds equivalent U_3O_8 . All of the sales involved spot or near-term delivery and two met the conditions for inclusion in the Transaction Value. Three transactions involved natural UF₆.

Supply-Demand Ratio
increased to 2.7:1

Active spot and near-term **uranium supply** amounts to **2.5 million** pounds U_3O_8 equivalent, up 120 thousand pounds since last month. Active spot and near-term **uranium demand** totals **950 thousand** pounds, down 25 thousand pounds. The spot and near-term **supply-demand ratio** rose to **2.7:1**.

Transaction Value
\$16.70, unchanged

The **Transaction Value** is **\$16.70** per pound U_3O_8 , unchanged since last month. The calculation includes 18 transactions involving a total of 2.7 million pounds U_3O_8 and equivalent UF₆, and covers a period of 6 months.

Loan Rate
unchanged at 5%

The **Loan Rate** is **5 percent** per annum, unchanged.

Conversion Value
\$1.80, unchanged

The **Conversion Value** is **\$1.80** per pound U as UF₆, unchanged since last month. Active secondary market supply for conversion services for delivery within three years totals 975 thousand pounds U as UF₆. Active demand totals 950 thousand pounds U as UF₆. No secondary market conversion transactions are reported.

SWU Value for
delivery within
one year: \$80

The **SWU Value** at .3 tails and for delivery within one year is **\$80** per SWU, unchanged since last month. Three secondary market SWU transactions are reported, involving approximately 100 thousand SWUs.

* * *

Raw Materials

Following a year-long test program, Chevron Resources company recently announced that it will proceed with commercial production at its Mount Taylor uranium mine near Grants, New Mexico. Chevron expects that the project, which contains an estimated 120 million pounds of reserves, will yield about 1.5 million pounds U_3O_8 per year.

Australia

The Northern Land Council has initiated a complex legal action against the Australian government and Energy Resources of Australia, alleging that it was forced into signing the agreement by which the Ranger mine was approved. Separately, ERA announced a 15-percent decline in profits in the second half of 1985.

Canada

Eldorado Resources Limited recently announced increased uranium reserve estimates at the Eagle Point deposits, near its Rabbit Lake mill in northern Saskatchewan. Development of the project is expected to result in additional feed for the Rabbit Lake mill.

Japan

Kansai Electric Power Company and six other Japanese utilities recently concluded annual price negotiations for deliveries under long-term uranium supply contracts with South Africa's Nuclear Fuels Corporation (NUFCOR). The utilities agreed to pay approximately US\$30.50 per pound U_3O_8 for fiscal year 1987 deliveries, a reduction of about \$2.00 from the price paid for 1986 deliveries.

Focus

British Nuclear Fuels plc (BNFL) provides UF₆ conversion services for the world market, and ranks third among the five free world converters in nameplate capacity. In addition, BNFL supplies fuel cycle needs in the United Kingdom ranging from conversion to reprocessing.

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NUEXCO REPORT 212 FIGURES OF THE MONTH (March 31, 1986)	This Month (Report 212)	Last Month (Report 211)	12 Months Ago (Report 200)
Exchange Value ¹	17.25	17.00	15.00
Transaction Value ¹	16.70	16.70	15.05
UF ₆ Value ²	48.00	48.00	—
Loan Rate ³	5%	5%	5%
Conversion Value ⁴	1.80	1.80	1.00
Near-Term Uranium Supply ⁵	2.5	2.4	4.3
Near-Term Uranium Demand ⁶	1.0	1.0	4.1
Near-Term Supply-Demand Ratio	2.7	2.5	1.0
Recent Uranium Sales:			
Number of Transactions ⁷	5	5	11
Quantity of Material ⁸	0.5	1.0	2.1
Nuexco SWU Value: ⁹			
at 0.3 tails assay and delivery within one year	80	80	—
USDOE SWU Prices:			
USEC	125.00 ¹⁰	125.00 ¹⁰	135.00
AFC	153.00 ¹¹	153.00 ¹¹	153.00 ¹¹
Requirements	157.00 ¹¹	157.00 ¹¹	157.00 ¹¹
Market Value of Enriched UF ₆ ^{12,13} :			
2.5 w/o U ₂₃₅	466	462	471
3.0 w/o U ₂₃₅	596	592	608
3.5 w/o U ₂₃₅	729	724	748
4.0 w/o U ₂₃₅	864	858	890

¹US \$ per pound U₃O₈ equivalent.

²US \$ per kilogram U as UF₆.

³Per annum.

⁴US \$ per pound U as UF₆.

⁵Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U₃O₈).

⁶Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U₃O₈).

⁷Uranium sales only; does not include loans, conversion, or SWU transactions.

⁸Millions of pounds U₃O₈, equivalent.

⁹US \$ per SWU.

¹⁰Effective 10/1/85.

¹¹Effective 10/1/84.

¹²Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used in the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.

¹³US \$ per KgU as UF₆, rounded to the nearest \$.

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